



93RD GENERAL ASSEMBLY

State of Illinois

2003 and 2004

Introduced 02/09/04, by Frank J. Mautino

SYNOPSIS AS INTRODUCED:

215 ILCS 5/143

from Ch. 73, par. 755

Amends the Illinois Insurance Code. Provides that companies must file forms electronically through the System for Electronic Rate and Form Filing (SERFF). Provides that all examinations, investigations, and hearings provided for by this Code may be conducted either by the Director personally or by one or more of the actuaries, technical advisors, deputies, supervisors, or examiners employed or retained by the Department and designated by the Director for such purpose. Provides that the Department may retain independent actuaries, independent certified public accountants, or qualified examiners of insurance companies or any combination of the foregoing. Effective immediately.

LRB093 16595 SAS 42244 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 143 as follows:

6 (215 ILCS 5/143) (from Ch. 73, par. 755)

7 Sec. 143. Policy forms.

8 (1) Life, accident and health. No company transacting the
9 kind or kinds of business enumerated in Classes 1 (a), 1 (b)
10 and 2 (a) of Section 4 shall issue or deliver in this State a
11 policy or certificate of insurance or evidence of coverage,
12 attach an endorsement or rider thereto, incorporate by
13 reference bylaws or other matter therein or use an application
14 blank in this State until the form and content of such policy,
15 certificate, evidence of coverage, endorsement, rider, bylaw
16 or other matter incorporated by reference or application blank
17 has been filed electronically with the Director, either through
18 the System for Electronic Rate and Form Filing (SERFF) or as
19 otherwise prescribed by the Director, ~~and~~ approved by the
20 Director, and the appropriate filing fee under Section 408 has
21 been paid, except that any such endorsement or rider that
22 unilaterally reduces benefits and is to be attached to a policy
23 subsequent to the date the policy is issued must be filed with,
24 reviewed, and formally approved by the Director prior to the
25 date it is attached to a policy issued or delivered in this
26 State. It shall be the duty of the Director to withhold
27 approval of any such policy, certificate, endorsement, rider,
28 bylaw or other matter incorporated by reference or application
29 blank filed with him if it contains provisions which encourage
30 misrepresentation or are unjust, unfair, inequitable,
31 ambiguous, misleading, inconsistent, deceptive, contrary to
32 law or to the public policy of this State, or contains

1 exceptions and conditions that unreasonably or deceptively
2 affect the risk purported to be assumed in the general coverage
3 of the policy. In all cases the Director shall approve or
4 disapprove any such form within 60 days after submission unless
5 the Director extends by not more than an additional 30 days the
6 period within which he shall approve or disapprove any such
7 form by giving written notice to the insurer of such extension
8 before expiration of the initial 60 days period. The Director
9 shall withdraw his approval of a policy, certificate, evidence
10 of coverage, endorsement, rider, bylaw, or other matter
11 incorporated by reference or application blank if he
12 subsequently determines that such policy, certificate,
13 evidence of coverage, endorsement, rider, bylaw, other matter,
14 or application blank is misrepresentative, unjust, unfair,
15 inequitable, ambiguous, misleading, inconsistent, deceptive,
16 contrary to law or public policy of this State, or contains
17 exceptions or conditions which unreasonably or deceptively
18 affect the risk purported to be assumed in the general coverage
19 of the policy or evidence of coverage.

20 If a previously approved policy, certificate, evidence of
21 coverage, endorsement, rider, bylaw or other matter
22 incorporated by reference or application blank is withdrawn for
23 use, the Director shall serve upon the company an order of
24 withdrawal of use, either personally or by mail, and if by
25 mail, such service shall be completed if such notice be
26 deposited in the post office, postage prepaid, addressed to the
27 company's last known address specified in the records of the
28 Department of Insurance. The order of withdrawal of use shall
29 take effect 30 days from the date of mailing but shall be
30 stayed if within the 30-day period a written request for
31 hearing is filed with the Director. Such hearing shall be held
32 at such time and place as designated in the order given by the
33 Director. The hearing may be held either in the City of
34 Springfield, the City of Chicago or in the county where the
35 principal business address of the company is located. The
36 action of the Director in disapproving or withdrawing such form

1 shall be subject to judicial review under the Administrative
2 Review Law.

3 All examinations, investigations, and hearings provided
4 for by this Code may be conducted either by the Director
5 personally or by one or more of the actuaries, technical
6 advisors, deputies, supervisors, or examiners employed or
7 retained by the Department and designated by the Director for
8 such purpose. When necessary to supplement its examination
9 procedures, the Department may retain independent actuaries
10 deemed competent by the Director, independent certified public
11 accountants, or qualified examiners of insurance companies
12 deemed competent by the Director, or any combination of the
13 foregoing, the cost of which shall be borne by the company or
14 person being examined.

15 This subsection shall not apply to riders or endorsements
16 issued or made at the request of the individual policyholder
17 relating to the manner of distribution of benefits or to the
18 reservation of rights and benefits under his life insurance
19 policy.

20 (2) Casualty, fire, and marine. The Director shall require
21 the filing of all policy forms issued or delivered by any
22 company transacting the kind or kinds of business enumerated in
23 Classes 2 (except Class 2 (a)) and 3 of Section 4. In addition,
24 he may require the filing of any generally used riders,
25 endorsements, certificates, application blanks, and other
26 matter incorporated by reference in any such policy or contract
27 of insurance along with the appropriate filing fee under
28 Section 408. Companies that are members of an organization,
29 bureau, or association may have the same filed for them by the
30 organization, bureau, or association. If the Director shall
31 find from an examination of any such policy form, rider,
32 endorsement, certificate, application blank, or other matter
33 incorporated by reference in any such policy so filed that it
34 (i) violates any provision of this Code, (ii) contains
35 inconsistent, ambiguous, or misleading clauses, or (iii)
36 contains exceptions and conditions that will unreasonably or

1 deceptively affect the risks that are purported to be assumed
2 by the policy, he shall order the company or companies issuing
3 these forms to discontinue their use. Nothing in this
4 subsection shall require a company transacting the kind or
5 kinds of business enumerated in Classes 2 (except Class 2 (a))
6 and 3 of Section 4 to obtain approval of these forms before
7 they are issued nor in any way affect the legality of any
8 policy that has been issued and found to be in conflict with
9 this subsection, but such policies shall be subject to the
10 provisions of Section 442.

11 (3) This Section shall not apply (i) to surety contracts or
12 fidelity bonds, (ii) to policies issued to an industrial
13 insured as defined in Section 121-2.08 except for workers'
14 compensation policies, nor (iii) to riders or endorsements
15 prepared to meet special, unusual, peculiar, or extraordinary
16 conditions applying to an individual risk.

17 (Source: P.A. 90-794, eff. 8-14-98.)

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.